

COCHRANE-DUNLOP HARDWARE LIMITED  
AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED SOURCE  
AND APPLICATION OF FUNDS

	six months ended June 30	
	1971	1970
<b>Source of funds:</b>		
Net income for the period.....	\$ 239,032	\$ 217,176
Add depreciation, not requiring a current outlay of funds.....	100,891	107,320
	<u>339,923</u>	<u>324,496</u>
<b>Application of funds:</b>		
Expenditures on fixed assets...	147,654	50,976
Dividends.....	6,836	6,836
	<u>154,490</u>	<u>57,812</u>
Increase in working capital.....	\$ 185,433	\$ 266,684
Working capital at June 30th.....	<u>\$7,170,046</u>	<u>\$6,778,326</u>

Note: Subject to audit and year-end adjustments.



Interim Report for the six months  
ended June 30, 1971

EXECUTIVE OFFICES  
160 BLOOR STREET EAST  
TORONTO, ONTARIO  
PHONE 416/921-3103



## COCHRANE-DUNLOP HARDWARE LIMITED

AND SUBSIDIARY COMPANIES

REPORT FOR THE SIX MONTHS ENDED JUNE 30, 1971

### TO THE SHAREHOLDERS:

Net income of your company for the first half of 1971 was \$239,032 or \$1.62 per common share, an increase of 10% over the same period last year.

Sales for the six months increased by \$1,157,038 or 6%. A significant element in the increase is the volume of the Toronto wholesale branch. The improvement in this location reflects, in part, development of new outlets and, in part, the effect of the strike at this location in 1970. Most of your company's major industrial supply branches showed increased volume, although activity in some regions has decreased in direct relationship to the level of economic activity being experienced in these areas. Retail division sales, after a slow first quarter, regained momentum in the second quarter and showed some improvement over the previous year, although they have not yet reached targeted levels.

The report on first quarter results indicated that some pressure on margins was being experienced, arising primarily from changes in the branch and volume mix of sales. While this situation continued in the second quarter of 1971, the improved rate of increase in sales volume in the quarter, together with continued emphasis on expense control and operating efficiency, had the effect of improving fractionally, the retention on the sales dollar.

Expenditures on fixed assets, in addition to the two land acquisitions noted in the first quarter report, represent routine replacement and equipment upgrading.

While the outlook for the balance of the year is difficult to assess in view of current economic and fiscal trends and the factors of high unemployment and continuing inflationary pressures, we continue to face the future with cautious optimism.

Toronto, Canada  
August 13, 1971

F. COCHRANE  
President

## COCHRANE-DUNLOP HARDWARE LIMITED

AND SUBSIDIARY COMPANIES

### STATEMENT OF CONSOLIDATED INCOME

	six months ended June 30	
	1971	1970
Sales.....	\$20,543,149	\$19,386,111
Costs and expenses, exclusive of the following items.....	19,899,254	18,761,029
Depreciation.....	100,891	107,320
Interest on bank indebtedness...	45,072	65,586
	<u>20,045,217</u>	<u>18,933,935</u>
Net income before income taxes..	497,932	452,176
Income taxes.....	258,900	235,000
Net income for the period.....	<u>\$ 239,032</u>	<u>\$ 217,176</u>
Net income per common share...	<u>\$ 1.62</u>	<u>\$ 1.47</u>

Note: Subject to audit and year-end adjustments.